



Japan Mission Report, November 2016

Background:

Japan is the UK's third largest export market for fashion and accessories after the USA and the EU but for many UK designers and manufacturers Japan is their most successful market. Designers and heritage UK manufacturers have long been supported by Japanese consumers and there is an extensive list of UK brands that are household names in Japan, of which the UK consumer is unaware. The Japanese, above all else, love the story of our fashion and textile heritage. Japanese and other Asian consumers want the story and the originality. They are the best informed consumers in the world with an eye for quality and originality. Similarly, their buyers are the best travelled and best informed in the world, with a curiosity for the new and an appreciation of the old.

For over thirty years, the team at UKFT has championed the Japanese market within Government and has worked with hundreds of companies that have gone on to become household names in Japan. The Japanese market is one of the most sophisticated in the world. The market is changing, not least because Japan's aging population shrinks by as much as 1% per year. However, Japanese retailers are amongst the largest, most powerful and best travelled. They are generally leaders and not followers. Late payment and chargebacks are unheard of in Japan (where they are seen as dishonourable). However, Japanese consumers expect the same degree of perfection in all their goods and services whether they emanate from the UK or China.

Mission Organisation:

UKFT has been involved in organising missions for and in connection with the Department for International Trade and the British Embassy in Japan for over 30 years. We continue to campaign for Japan to be reinstated as a DiT "Campaign" market as we believe it is vitally important to our fashion and textile exports particularly as the country plans and prepares for Brexit.

This mission was co-organised by UKFT, the British Embassy in Tokyo and DiT London. For the first time, funding for the mission came not from central government from the companies which took part and a number of key sponsors sourced and secured by the British Embassy, including the British Market Council in Tokyo. For the first time, there were no travel grants for this mission. The companies each paid £750 plus VAT, plus their own travel and accommodation. Whilst some companies sent two people, this was not necessary, as one person could have represented the company in all cases, requiring only a modest budget of approx. £2500 to meet most of Japan's key retailers and spent five days researching the market.

It was decided that this would be a fashion and accessories only mission, therefore excluding some of the lifestyle companies, which had shown the previous year. UKFT worked closely with DiT London and the British Embassy in Tokyo to ensure that the right companies were selected for the mission. We were looking for companies with a strong story and, in many cases, a UK manufacturing story as

experience has taught us that UK heritage products do especially well in Japan. This is always difficult as most products can sell in Japan but the challenge is to find products to match the expectations of our buyers, who are expecting to see collections with a British slant at the British Embassy.

Mission Package:

The mission package included:

- Pre-mission briefings and one-to-one meetings in the UK
- In-market briefing at the British Embassy including presentations from Japan-based industry figures with many years' experience of working in Japan
- Two-day showcase at the Ambassador's residence with almost 400 buyers, agents and press invited, to include rails, tables and jewellery cases and signboards. The showcase was laid out in three rooms.
- Retail tours and visits, including a visit to the British Week at Isetan Department Store
- Visit to a typical Japanese fashion trade show and a mid-market retail mall
- Discounted hotel rates at the Solaria Nishitetsu hotel in Ginza
- Representatives of UKFT and DiT accompanied the mission and were on hand to help and support the companies at all times.

Key trends in the Japanese market:

The Japanese market is dynamic and constantly changing, even if the fundamental basis of doing business in Japan has not changed. Ultimately, Japan is looking for value but the definition of value is not solely defined as the price. Perceptions of quality, heritage, design and added value are more important in the Japanese psyche. In addition, post-tsunami Japan is beginning to develop a healthier work-life balance, making more time for leisure activities, on which the Japanese like to spend their money. Everyone in Japan has an official hobby!

Japan remains a major market for UK fashion, textile and lifestyle companies. Although the weak yen makes life more complicated for exporters to Japan, Japanese consumers are still spending on UK products, especially those with a strong heritage or story. There is a perception in Japan that UK goods have become cheaper in the aftermath of the Brexit referendum and Japan continues to regard the UK as a valued trading partner.

Consumer goods remain the largest industry sector in Japan, reflecting the country's increased leisure time.

Japan remains a reliable trading partner, with payments on time and a clear and fair import regime. At the same time, Japanese customs are more rigorous about temporary imports of samples although no companies had issues on this particular trip. However, it is worth noting that some companies had their collections confiscated in 2015 for not having the right paperwork and the Embassy recommends that commercial samples always be taken to Japan on an ATA Carnet.

At the high end of the market of particular interest to UK exporters, Japan remains steadfastly a 'wholesale' based market. Japanese buyers still buy collections which they pay for and re-sell. Everyone UKFT spoke to said they believed that this would continue to be the way forward in Japan and the rest of Asia for the foreseeable future.

Like the rest of Asia, Japan remains a nation of shoppers, where “going for a walk” on a Sunday afternoon usually means to go to a department store or mall to shop.

Japan is increasingly attractive as a retail destination for consumers from the whole of Asia. Japan is investing heavily in “tax free” stores and technology throughout the country in preparation for the 2020 Olympics.

Japan is very open to new experiences and products. Japan is trend aware too and the Japanese tend to be early-adopters.

Compliance and quality control are very important and all of the larger retailers use PIJ inc for their compliance procedures. Even for items made cheaply in China, products must be of top quality. If faults are found, retailers will automatically refund but the consumer will normally not want an exchange. The buyer will be informed and the brand is unlikely to keep that account.

Japan has the world’s fifth largest GDP and approx. 110 million internet users, the majority are now on handheld devices and the Japanese use them to shop online. Mobile optimisation and Japanese language are key for online sales and Japanese sites usually present differently to and with much more text and contact detail than Western sites. A good example of this is Zozo Town.

It is expected that mobile will continue to take market share but that Bricks and Mortar will remain an important part of Japanese fashion retailing for a long time to come, as the Japanese value the experiential side of retail, especially in the mid and upper market. Tourists also tend to like and be heavily influenced by Japan’s sophisticated retail environment.

Like other parts of Asia, Japan does consciously buy certain products from the UK, especially knitwear and the Made in UK label is extremely important.

Japan will buy UK designed products made more cheaply in Asia but will expect lower prices as consumers and retailers are aware of the real manufacturing costs. This will require some UK companies to review their pricing models for Japan, especially as there is downward pressure on pricing in many of the stores.

Overtly Asian styles and names can be a problem in Japan. With a few notable exceptions, Japan is reluctant to buy what are presented as Asian goods from UK companies.

Mainstream Japanese tradeshows are not suitable for mid/better and designer UK exporters but there is interest in the specific niche shows of Clutch, Jumble, Playtime and Man/Woman. These shows do also attract stores from outside Tokyo which have more limited travel budgets

Buyer and Agent Turnout at the Showcase:

Almost 400 buyers and press contacts attended the showcase on the two days. This was a drop on the figures from last year but the previous showcase had additionally targeted lifestyle companies and had been a bumper year.

Business was slow on the first day with two thirds of the visitors attending on the second day, many later in the afternoon. We were delighted to see buyers from trading offices, supplying larger Japanese stores and especially delighted that Mr Kurino of United Arrows took the time to visit all

the new exhibitors at the showcase to talk to them about their collections and how to approach the Japanese market. Most of the major store groups sent representatives but there were also smaller independent stores and agents.

By the end of the showcase, almost all of the companies reported that they had met new buyers, that there had been substantive conversations about potential new business and several even made sales at the showcase although, being out of the season at a time when Japanese buyers were in town, the main focus was always on contacts rather than sales.

Again this year, it was noticeable that companies with a strong story, including UK manufacturing, outperformed their non-UK manufacturing competitors and that those returning to Japan for a second visit had a warmer and more serious welcome than those who were in Japan for the first time. This confirms that, as one exhibitor put it last year, "it takes a long time to be an overnight success in Japan". Of the 28 companies which took part, 25 said that they were either "satisfied" or "extremely happy" with the outcome of the mission. Only 3 companies said that they had not made good new contacts. UKFT has suggested to DiT and the Embassy that one of these companies had products which were possibly too cheap for the market and another one may have been too expensive. It is not clear why the third company did not receive the reception we had hoped for.

Whilst most of the participants made very favourable comparisons with buyers closer to home, it was clear that some companies' expectation of the mission outcomes were exceptionally high. This can partly be explained by the intense pressure companies now face closer to home and the urgent need to drive exports in order to survive. There was also the feeling that some of the buyers were being unusually cautious about wanting to engage with new brands. One take-away from this is that whilst Japanese buyers are looking for new and exciting things, they still want to see collections evolve over several seasons and the story has to be credible and authentic.

One of the highlights of the mission was a presentation by a respected Japanese agent, Mr Watanabe of Watanabe and Co. The companies learned how the Japanese market works and what it is looking for. The companies said this presentation was one of the most useful but that they would have benefitted from having this at the initial briefing, as had happened the previous year. UKFT and DiT agreed that this should be carefully considered next year.

Conclusions:

Japan remains an important market for the UK and UKFT needs to continue to campaign for Japan to be recognised as a DiT 'campaign market' as extra funding is needed to raise the standard.

The mission format works well, especially where companies have already had exposure to Japanese buyers through international shows closer to home but companies will have to modify their expectations and it takes a long time to build a good business in Japan.

Product, quality and story are key components of a brand in Japan. Price is an issue but it is usually not the first thing the Japanese look at.

UKFT, DiT London and the British Embassy Tokyo are committed to run a similar fashion and accessories mission in November 2017 and are keen that we should start much earlier next year. We plan to work on the assumption that the mission will be self-funding again albeit with some local

sponsorship. This will enable us to start the recruitment process much earlier. The earlier the group is recruited and prepared, the earlier we can start to promote them to Japanese buyers.

Paul Alger from UKFT commented: “This mission was tougher than some we have had in the past. Japan remains a fantastic wholesale market and loves great British products but the standards are continually higher and not all companies from the UK will find their place in this market. The evidence is that Japan is still open to British designers and UK made products but the story has to be right and brands are having to work harder to get into the market”. He continued, “In the context of Brexit, there has never been a better and safer market for UK fashion and textile brands than Japan. The market has untapped potential for UK exporters but we need a long-term approach from Government **and** funding to enable us to work with DiT and the Embassy on increasing the British footprint in Japan next year and beyond!”

See images from the mission [HERE](#).

#BritsInTokyo

#BRITS
AROUND
THE WORLD / *Supporting
Great British
design talent.*

@UKFTorg